

STATE OF IDAHO

**DEPARTMENT OF HEALTH
AND WELFARE**



**ADVANCED PLANNING DOCUMENT
UPDATE #2**

For

Medicaid Management Information System
(MMIS) Re-Procurement

June 4, 2004

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1. Purpose

The purpose of this advanced planning document update (APDU) is to request an extension to the Phase One timeframe previously approved. Also, additional activities are being specified as components of Phase One. Additional funding for Phase One is necessary to maintain the project's momentum as details of the MMIS Request For Proposal's (RFP) content is determined.

The original advanced planning document (APD) requested 90% enhanced FFP for Phase One, which initiated the MMIS Re-Procurement project's planning activities. An APDU was approved in February 2004 that re-organized activities to accelerate the timetable of the project and include high level requirements gathering, while not requesting additional funding. Thus far, Phase One has met or exceeded the schedule for completion of its planned activities and deliverables. In fact, a number of activities designated in the previous APDU for Phase Two have been completed or are in progress. Also, far fewer funds have been expended during Phase One than were requested and approved. The requested funds detailed in section 11. Prospective Cost Distribution of this APDU are specific to the extension period, only.

The extension of Phase One is being requested to allow sufficient time to complete the Options/Recommendations Report and develop an APDU for Phase Two. In addition, the extension will allow time for completion of the competitively bid Department consulting contract which will be used to partially resource this project's future phases. The Options/Recommendation Report compiles the results of research and high level requirements gathering activities in Phase One, including cost benefit analyses. The executive sponsors of the project will utilize this report to determine the focus of the RFP (i.e., takeover of the existing MMIS or replacement of the MMIS, including Fiscal Agent services). With a focus determined, an APDU for Phase Two activities will be developed and submitted for approval. Phase Two activities will include the finalization of an RFP and its associated Proposal Evaluation Plan (PEP), as well as the activities required to complete bidding, proposal evaluations, contracting and implementation planning. Phase Two will conclude with submission to CMS, for approval, of vendor signed contract(s).

To ensure the project's momentum is not interrupted, the extension of Phase One will allow for the derivation of detailed requirements to be used in the RFP and PEP. Without the extension of Phase One, the project will be stalled until the Phase Two APDU, as previously outlined, is finalized and approved.

2. Needs and Objectives

The current Fiscal Agent contract with Electronic Data Systems (EDS) expires on December 31, 2006. The objective of extending Phase One, for which this APDU is requesting enhanced funding, is to maintain the momentum of the project and detail the technical system and business process support services requirements for insertion into an RFP and PEP.

The project team as specified in the previous APD and APDU will be augmented by additional IDHW Medicaid division and competitively bid contracted subject matter experts. These resources will be used to facilitate the definition of detailed requirements from subject matter experts within the IDHW Medicaid division and from the research activities and deliverables previously completed in Phase One. These detailed requirements will be the basis of the RFP.

Significant effort has and will continue to be exerted to ensure a competitive environment exists. The competitive environment will facilitate the best value. With a large number of States in the process of re-procuring an MMIS and Fiscal Agent contracts, this project's management and sponsorship personnel are acutely aware that encouraging a competitive environment will attract non-incumbent entities to submit proposals. To that end, project personnel have expended appropriate effort to generate interest from non-incumbent entities. Through the use of a Request For Information (RFI) and inviting entities to demonstrate their system and service offerings to IDHW personnel, significant attention has been brought to IDHW's re-procurement project.

The detailed requirements will be derived and structured in such a way that it will attract multiple proposals, resulting in a cost effective long term contract for IDHW's MMIS and business process support services.

3. Statement of Alternative Considerations

The current Fiscal Agent contract with Electronic Data Systems (EDS) expires on December 31, 2006. A competitive procurement is required, thus no alternatives exists to carrying out the activities and deliverables outlined in this APDU for extension of the project's Phase One.

4. Requirements Analysis

The previously approved APDU for Phase One shifted activities from the originally defined Phase Two, providing for an earlier completion of the requirements analysis effort, without requesting additional funding. To ensure this momentum is maintained while the APDU for the project's Phase Two is developed and proceeds through the approval process, the detailed requirements to be inserted into the RFP(s) will be derived.

The detailed requirements will be explicit in defining the system and business processes support requirements of the vendor or vendors which contract(s) will be awarded to. The high level requirements identified during Phase One will be expanded into detail requirements for system functionality and business processes support, including performance measuring. As specified before, the detailed requirements will be the core of the RFP(s).

5. Cost Benefit Analysis

The cost/benefit analyses contained in the Options/Recommendations Report used by the executive sponsors to determine the approach of the RFP will be integral in the creation of the detailed requirements for insertion into the RFP. The analyses will be used as guidelines to ensure the detail requirements and eventually the contract language of the RFP do not deviate.

6. Personnel Resource Statement

The state certifies that adequate staff is available to properly execute the contract awarded. A project hierarchy has been organized to support MMIS re-procurement activities.

Executive Sponsors

Karl Kurtz, Director, IDHW
Joe Brunson, Deputy Director, IDHW
Dave Butler, Administrator, IDHW Division of Management Services
Ken Deibert, Administrator, IDHW Division Family and Community Services
Richard Schultz, Administrator, IDHW Division of Health
Greg Kunz, Acting Administrator, IDHW Division of Welfare

Project Sponsors (also Executive Sponsors)

Charles Wright, Administrator, IDHW Information and Technology Services Division (ITSD)
David Rogers, Administrator, IDHW Division of Medicaid
Randy May, Deputy Administrator, IDHW Division of Medicaid

Steering Committee

Larry Buell, Purchasing Agent, Division of Management Services
Patti Campbell, Project Manager, Division of Medicaid
Phil Chandler, Relationship IT Manager, ITSD
Leslie Clement, Bureau Chief, Division of Medicaid
Sharon Duncan, Bureau Chief, Division of Medicaid
Jeanne Goodenough, Deputy Attorney General
Beverly Lindsay, Deputy Administrator, ITSD
Mark Little, Purchasing Officer, DOA, Division of Purchasing
Neil Moore, Project Manager, Division of Medicaid
David Ricks, Project Controller, Division of Management Services
Billie Schell-Ruby, MAS Supervisor, Division of Medicaid
Larry Tippetts, Deputy Administrator, ITSD
Larry Tisdale, Program Supervisor, Division of Medicaid
Laura Windham, Contracts Specialist, Division of Medicaid

<u>Project Team</u>	<u>% Charged to Project</u>
Joe Crisp, Project Manager, ITSD	100%
State Temp Pool, Administrative Support	100%
Project Accountant, Division of Management Service	50%
Julie Grunder, Program System Specialist , ITSD	75%
Marj Sanderson, Program System Specialist, ITSD	50%
Neil Moore, Project Manager, Medicaid	25%
Sara Hunt, Transportation Specialist, Medicaid	25%
Solutions Consulting Group, Project Monitor	75%
Venturi MMIS Analysts(4)	100%

7. Description of Activities

Phase One	Resource Establishment and Research Activities	Planned Completion Date	Actual Completion Date
#1	Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.	<i>December, 2003</i>	<i>December, 2003</i>
#2	Establish roles and responsibilities of team members	<i>December, 2003</i>	<i>December, 2003</i>
#3	The steering committee (sponsors) identified with roles and responsibilities identified	<i>December, 2003</i>	<i>December, 2003</i>
#4	Lessons Learned from Idaho's previous MMIS procurement deliverable from Solutions Consulting	<i>January, 2004</i>	<i>January, 2004</i>
#5	Review lessons learned from the previous Idaho procurement	<i>January, 2004</i>	<i>January, 2004</i>
#6	Review current MMIS contract/amendments	<i>May 14,2004</i>	<i>May 14,2004</i>
#7	Review other states contracts for MMIS & services rendered/best practices	<i>May 14,2004</i>	<i>May 14,2004</i>
#8	Review MMIS vendor packages for comparisons	<i>May 31,2004</i>	<i>May 27,2004</i>
#9	Identify requirements (high level) of the future MMIS	<i>May 31,2004</i>	<i>May 31,2004</i>
#10	Discuss with CMS concerns or recommendations	<i>May 14,2004</i>	<i>April 21,2004</i>
#11	Review impact of future HIPAA rules	<i>May 14,2004</i>	<i>May 14,2004</i>
#12	Develop options/recommendations paper	July 1, 2004	
#13	Obtain decision from IDHW Executive Steering Committee for direction/focus of RFP	July 2, 2004	
#14	Derive detailed requirements for insertion into RFP	September 30, 2004	
Phase Two	Develop Request For Proposal / Execute Bid Process	Planned Completion Date	Actual Completion Date
#1	Finalize RFP(s)/PEP(s) for Fiscal Agent services and MMIS operation, submit to CMS for approval	November, 2004	
#2	Obtain approval of RFP(s)/PEP(s) from CMS	December, 2004	
#3	Release the RFP(s)	January, 2005	
#4	Execute the Proposal Evaluation process(es)	March 15, 2005	
#5	Award of contract(s), approval(s) by State Division of Purchasing, Contract(s) signed by vendor(s), submitted to CMS for approval	April 30, 2005	
#6	Obtain approval(s) from CMS	May 31, 2005	
#7	MMIS contract(s) signed by Department	June, 2005	
Phase Three	Implementation	Planned Completion Date	Actual Completion Date
#1	To Be Determined	TBD	

8. Proposed Activity Schedule

Phase One	Resource Establishment and Research Activities	Planned Completion Date	Actual Completion Date
#1	Establish initial project team with members identified from Medicaid, Information Systems, Management Services, etc.	<i>December, 2003</i>	<i>December, 2003</i>
#2	Establish roles and responsibilities of team members	<i>December, 2003</i>	<i>December, 2003</i>
#3	The steering committee (sponsors) identified with roles and responsibilities identified	<i>December, 2003</i>	<i>December, 2003</i>
#4	Lessons Learned from Idaho's previous MMIS procurement deliverable from Solutions Consulting	<i>January, 2004</i>	<i>January, 2004</i>
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Phase Three	Implementation	Planned Completion Date	Actual Completion Date
#1	To Be Determined	TBD	

9. Proposed Budget

APD and APDU History for the MMIS Re-Procurement Project							
APD/ APDU	Approval Date	Description	Budget Amount	Federal Share at 90%	Federal Share at 75%	State Share at 25%	State Share at 10%
APD	9/15/2003	Phase One	\$190,500.00	\$171,500.00			\$19,000.00
APDU	2/9/2004	Phase One Schedule and Activities Change	\$190,500.00 *	\$171,500.00 *			\$19,000.00 *
APDU	Pending	Phase One Extension and Activities Enhancement	\$494,500.00 **	\$445,050.00 **			\$49,450.00 **

* No additional funding was requested in this APDU

** See page 13 for budget details

10. Statement of Expected Usefulness

The MMIS Re-Procurement project will provide a comprehensive system which preserves the current functionality and satisfies expanded management, technical, process, and data requirements to ensure flexibility, configurability and simplification to respond to future program and legislated needs. It is estimated that the new system will have an economic useful life of ten years. However, a primary objective of the development approach IDHW is taking is to extend the practical useful life beyond ten years, with periodic enhancements.

11. Prospective Cost Distribution

Phase One Extension Request

State Personnel	Total Cost	Federal 90%	State 10%
Project Team			
Joe Crisp (100%)	\$ 17,500		
Admin Support (100%)	\$ 10,000		
Project Accountant (50%)	\$ 15,000		
Julie Grunder (75%)	\$ 11,250		
Marj Sanderson (50%)	\$ 7,500		
Neil Moore (25%)	\$ 3,750		
Sara Hunt (25%)	\$ 2,000		
Medicaid Automated Sys Specialists	\$ 40,000		
ITSD Automated Sys Specialists	\$ 40,000		
Total Project Team Costs	\$ 147,000	\$ 132,300	\$ 14,700
Operating Expenses			
Travel expenses (3 staff 5 out-of-state trips)	\$ 25,000		
Printing/copying, etc.	\$ 2,500		
Venturi MMIS Analysts (4)	\$ 120,000		
Solutions Consulting Group (contract amendment attached for approval)	\$ 150,000		
Allocated Costs	\$ 50,000		
Total Operating Expense Costs	\$ 347,500	\$ 312,750	\$ 34,750
Total Phase One Extension Costs	\$ 494,500	\$ 445,050	\$ 49,450

Costs will be distributed according to the time personnel devote to this project. Idaho has in place an approved time accounting system to credit work to the appropriate accounts and will be reported under the federally approved cost allocation plan. Personnel costs, etc., are based on resources identified in Section 6 at the % of effort indicated.

12. Cost Distribution Summary

Federal Funding for Phase I development costs is requested at the rates shown in the Cost Distribution in Section 11 of this APDU. These are:

90%	CMS FFP	\$ 445,050. ⁰⁰
10%	DHW Share	\$ 49,450. ⁰⁰
	Total	\$ 494,500. ⁰⁰

13. Statement of Security and Interface Requirements

The security and interface requirements pertaining to this APD are being updated per the HIPAA Security Rule that will be finalized September 2005.

This proposal does not breach any security procedures or interface protocols within the current MMIS system. Once a solution is identified, a pre-implementation testing of the solution will assure that the current system integrity is not compromised.

14. Backup & Fallback Contingency Procedures

Backup and fallback procedures for the current system are addressed in the base contract with EDS. Included in this is a Disaster Recovery plan.

15. Assurances the State Has Met the Requirements

The State of Idaho, Department of Health and Welfare certifies that it has met the requirements for (1) Procurement Standards (Competitive/Sole Source) 45 CFR Part 95.613, 45 CFR Part 74, SMM Section 11267, SMD Letter of Dec. 4, 1995 (2) Access to Records 45 CFR Part 95.615, SMM Section 11267 (3) Software Ownership, Federal Licenses and Information Safeguarding 42 CFR Part 433.112(b)(5) – (9) and (4) Progress Reports SMM Section 11267. HIPAA Rules will also be taken into account for compliance.

The State of Idaho, Department of Health and Welfare, certifies that it has available its share of the funds required to complete the activities described in this APD. The State requests approval to proceed with federal funding at the above levels.